

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6457**

**BILL NUMBER:** SB 135

**NOTE PREPARED:** Dec 13, 2007

**BILL AMENDED:**

**SUBJECT:** Relocation of a Riverboat.

**FIRST AUTHOR:** Sen. Meeks

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill specifies the conditions and procedures that must be fulfilled to permit a licensed riverboat owner to move one riverboat operation from the city of Gary to Steuben County. It provides for the calculation of base year revenues for Gary, Lake County, the Lake County Convention and Visitors Bureau (CVB), the Northwest Indiana Law Enforcement Academy, and the new home dock in Steuben County for purposes of distributing Admissions Taxes and Wagering Taxes.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** The bill authorizes a process by which the Indiana Gaming Commission could approve the relocation of one of the licensed riverboat casinos currently located in Gary to Steuben County. The bill would result in additional administrative responsibility to the IGC relating to the review and approval process for the relocation. The fiscal impact of these additional administrative tasks is indeterminable. However, any additional expenses would be paid from Riverboat Wagering Tax revenue annually appropriated to IGC for administrative purposes. (Note: Current statute provides that sufficient funds are annually appropriated to the IGC from Riverboat Wagering Tax revenue deposited in the State Gaming Fund to administer the riverboat gambling laws.) In FY 2007, this distribution totaled about \$2.5 M.

**Explanation of State Revenues:** *Summary* - The bill establishes a process by which the Indiana Gaming Commission could approve the relocation of one of the licensed riverboat casinos currently located in Gary to Steuben County. The impact on total Admission Tax and Wagering Tax collections due to such a relocation is indeterminable and would depend on various factors relating to:

- (1) The operational aspects of the new casinos in Gary and Steuben County;
- (2) The potential new revenue that could be generated in the market in and around Steuben County; and
- (3) The extent to which patronage and wagering at a new Gary casino is equivalent to combined levels at the two existing Gary casinos.

If the Admission Tax and Wagering Tax collections from a Steuben County casino are less than collections at the Gary casino which is relocated to Steuben County under the bill, the reductions would affect the Property Tax Replacement Fund (PTRF). Lower Admission Tax collections would increase the Admission Tax replacement payments to the Division of Mental Health and the State Fair Commission made annually from the PTRF. It would also lower Admission Tax revenue (from the former distribution to the Indiana Horse Racing Commission (IHRC)) to the state General Fund. Since the PTRF receives all Wagering Tax revenue after distributions to local units where the riverboat casinos are located and to local revenue sharing, any reduction in Wagering Tax revenue would affect the PTRF.

*Background Information* - The bill authorizes the licensed owner of a riverboat casino currently located in Gary to petition the Indiana Gaming Commission (IGC) for approval of a plan to relocate one licensed riverboat casino operation to Steuben County if the following conditions are satisfied:

- (1) The licensed riverboat casino was located in Gary on January 1, 2007;
- (2) An ordinance permitting a riverboat casino to operate in Steuben County has been approved by the county fiscal body; and
- (3) The voters of Steuben County have approved riverboat gaming in a local referendum.

Currently, both riverboat casinos located in Gary - Majestic Star I and Majestic Star II - are owned by The Majestic Star Casino, LLC. The bill specifies the mandatory components of the relocation plan, including plans for a new riverboat casino to be operated in Gary and the plans for the relocated casino in Steuben County. The bill requires that the new riverboat casino and related facilities in Gary must comprise a capital investment of at least \$150 M. The bill requires the IGC to approve the relocation petition if:

- (1) The conditions in (1) to (3) above are satisfied;
- (2) The IGC finds that the relocation plan satisfies the requirements of the bill; and
- (3) The IGC approves the proposal to conduct gambling on a new riverboat casino in Gary.

The bill prohibits the owner from commencing gambling operations at a Steuben County casino before gambling operations commence at the new riverboat casino in Gary. The bill also prohibits the IGC from approving the relocation of more than one licensed riverboat casino or charging a fee for the privilege of relocating the riverboat casino. The bill requires the owner to implement flexible scheduling on the relocated riverboat casino.

*Admission Tax and Wagering Tax Distributions* - Current statute both guarantees and limits the annual distribution of Admission Tax to local units and to the IHRC, Division of Mental Health, and the State Fair Commission. The guarantee level is equal to the FY 2002 distribution level for the local unit or state agency. Any fiscal year shortage (below the guarantee level) is paid from the PTRF in a supplemental distribution made to the local units prior to September 15<sup>th</sup> of the following fiscal year. The guarantee to the IHRC is expected to be eliminated beginning in FY 2009 when revenue distributions from slot machine operations at the horse racetracks to purse subsidies, breed development, and horsemen's associations commence. Under HEA 1835-2007, the Admission Tax distribution (including annual replacement payments from the PTRF)

to the IHRC are to be replaced by these dedicated slot machine revenues. The Admission Tax formerly distributed to the IHRC is to be distributed to the state General Fund.

Current statute also limits the annual distribution of Wagering Tax to local units. The fiscal year maximum is equal to a local unit's FY 2002 distribution level.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Gary and Lake County Impact* - If one of the riverboat casinos in Gary is relocated to Steuben County, this would reduce: (1) Admission Tax and Wagering Tax distributions to Gary; and (2) Admission Tax distributions to Lake County, the Lake County CVB, and the Northwest Indiana Law Enforcement Academy. The Admission Tax and Wagering Tax reductions are outlined in the table below.

Local Unit	Current Admission Tax Guarantee	Proposed Admission Tax Guarantee	Impact
Gary	6,312,402	3,156,201	(3,156,201)
Lake County	17,588,954	14,422,942	(3,166,012)
Lake County CVB	1,582,992	1,298,053	(284,939)
NW IN Law Enforcement Academy	175,888	144,228	(31,660)
Local Unit	Current Wagering Tax Limit	Proposed Wagering Tax Limit	Impact
Gary	12,269,626	6,134,813	(6,134,813)

The bill reduces the annual guarantee of Admission Tax revenue to local units in Lake County and lowers the distribution limit on Wagering Tax revenue to Gary in the event that one of the Gary riverboat casinos is relocated to Steuben County. The bill reduces the Admission Tax guarantee level for Gary by 50%, and for Lake County, the Lake County CVB, and the Northwest Indiana Law Enforcement Academy by 18%. The bill also reduces the Wagering Tax distribution limit for Gary by 50%. (See *Explanation of State Revenues* for discussion of the current Admission Tax distribution guarantee and Wagering Tax distribution limits.)

*Steuben County Impact* - If one of the riverboat casinos in Gary is relocated to Steuben County, the bill establishes: (1) the annual distribution guarantee levels for Admission Tax distributions from the relocated casino to Angola, Steuben County, and the Steuben County CVB; and (2) the annual distribution limit for Wagering Tax distributions from the relocated casino to Angola or Steuben County. To the extent that Admission Tax distributions fall below the guarantee levels for local units in Steuben County, annual replacement payments from the PTRF would offset the shortage.

If the casino is relocated to Steuben County and located in Angola, the city and county would receive Admission Tax distributions from the casino and the city would receive Wagering Tax distributions from the casino. The Admission Tax guarantee level for Angola would be equal to 50% of the current Admission Tax guarantee level for Gary, and the guarantee level for Steuben County would be equal to 18% of the

current Admission Tax guarantee level for Lake County. The Wagering Tax distribution limit for Angola would be equal to 50% of the current Wagering Tax distribution limit for Gary.

If the casino is relocated to Steuben County but not located in Angola, the county would receive a larger Admission Tax distribution and Wagering Tax distribution from the casino. The Admission Tax guarantee level for Steuben County would be equal to 36% of the current Admission Tax guarantee level for Lake County. The Wagering Tax distribution limit for Steuben County would be equal to 50% of the current Wagering Tax distribution limit for Gary.

In either case, the Admission Tax guarantee level for Steuben County would be equal to 18% of the current combined guarantee level for the Lake County CVB and the Northwest Indiana Law Enforcement Academy. (See *Explanation of State Revenues* for discussion of the current Admission Tax distribution guarantee and Wagering Tax distribution limits.)

	<b>Proposed Admission Tax Guarantee</b>	
<b>Local Unit</b>	<b>Casino relocated to Angola in Steuben County</b>	<b>Casino relocated to Steuben County but not in Angola</b>
Angola	3,156,201	0
Steuben County	3,166,012	6,332,023
Steuben County CVB	316,598	316,598
	<b>Proposed Wagering Tax Limit</b>	
<b>Local Unit</b>	<b>Casino relocated to Angola in Steuben County</b>	<b>Casino relocated to Steuben County but not in Angola</b>
Angola	6,134,813	0
Steuben	0	6,134,813

**State Agencies Affected:** Indiana Gaming Commission.

**Local Agencies Affected:** Gary, Lake County, Lake County Convention and Visitors Bureau, Northwest Indiana Law Enforcement Academy, Angola, Steuben County, Steuben County Convention and Visitors Bureau.

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869.